

to persons living in his/her or salesperson(s) immediate household or to legal entities in which the broker or salesperson(s) have an interest if the sale involves FmHA or its successor agency under Public Law 103-354 credit. If credit is not being extended to the persons mentioned in the preceding sentence (a cash sale), a commission will be allowed or paid. In no case will the borrower (seller) receive any cash proceeds from the sale. Any real estate taxes due from the transferor and other authorized selling expenses for which there is insufficient equity proceeds for payment at closing will be charged to the borrower's account prior to loan closing. Authorized selling expenses will not be considered or included in the amount assumed. Release from liability is not authorized.

§ 1951.469 Actions after liquidation of property.

(a) [Reserved]

(b) *Servicing unsatisfied account balances.* A current financial statement will be obtained, if possible, when application of sale proceeds does not satisfy an NP loan; or if a conveyance to FmHA or its successor agency under Public Law 103-354 has been accepted and credit of the market value less prior liens and estimated inventory handling expenses does not satisfy the debt, FmHA or its successor agency under Public Law 103-354 will pursue collection if there appears to be income or assets from which to collect. Where the borrower owns other real estate, or if the borrower is known to be in the process of purchasing other real estate (such as another dwelling), a judgment for the remaining debt including expenses paid by FmHA or its successor agency under Public Law 103-354 will be sought.

(c) [Reserved]

§§ 1951.470-1951.478 [Reserved]

§ 1951.479 Pilot projects.

From time to time FmHA or its successor agency under Public Law 103-354 conducts pilot projects to test concepts related to the management and/or sale of SFH inventory property which may deviate from the provisions of this subpart, but will not be inconsistent with

provisions of the authorizing statutes, or other Acts affecting FmHA or its successor agency under Public Law 103-354's loan programs. Prior to initiation of a pilot project, FmHA or its successor agency under Public Law 103-354 will publish in the FEDERAL REGISTER a Notice outlining the nature, scope, and duration of the pilot. The pilot projects may be handled by FmHA or its successor agency under Public Law 103-354 employees and/or under contract with persons, firms, or other entities in the private sector.

§ 1951.480 [Reserved]

§ 1951.481 FmHA or its successor agency under Public Law 103-354 Instructions.

Detailed FmHA or its successor agency under Public Law 103-354 Instructions for administering this subpart are available in any FmHA or its successor agency under Public Law 103-354 office (FmHA or its successor agency under Public Law 103-354 Instruction 1951-J).

§§ 1951.482-1951.500 [Reserved]

Subpart K—Predetermined Amortization Schedule System (PASS) Account Servicing

SOURCE: 50 FR 8597, Mar. 4, 1985, unless otherwise noted.

EFFECTIVE DATE NOTE: At 69 FR 69105, Nov. 26, 2004, subpart K (§§ 1951.501 through 1951.550) was removed and reserved, effective Feb. 24, 2005.

§ 1951.501 General.

(a) This subpart prescribes the policies, authorizations, and procedures for implementing and servicing PASS for all of the following Farmers Home Administration or its successor agency under Public Law 103-354 (FmHA or its successor agency under Public Law 103-354) Multiple Family Housing (MFH) loan recipients which includes Farm Labor Housing (LH) and Rural Rental Housing (RRH) including Rural Cooperative Housing (RCH) and Congregate Housing and includes:

(1) All MFH loans, credit sales, re-amortizations, and transfers closed on or after May 1, 1985, and